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# ***Second Quarter 2017 Financial Results***

**AerCap Holdings N.V.**

**August 3, 2017**

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*Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.*



*AerCap is the global leader in aircraft leasing*

-  **Resilient** industry fundamentals
-  **Global** platform with **unmatched breadth and reach**
-  **Strong earnings** and **cash flow generation**
-  **Disciplined** portfolio management
-  **Strong liquidity** and **access to capital**
-  **Prudent hedging strategies** to mitigate risk
-  **Highly experienced management team** with deep industry expertise

## Financial Results

### Net Income

(\$ million)	2Q 2017	1H 2017
Net Income	282.9	544.1

### Diluted Earnings Per Share

(\$)	2Q 2017	1H 2017
Diluted EPS	1.67	3.15

## Highlights

- **108 aircraft transactions**, including **25 widebody** transactions
- **99.5% fleet utilization**
- **\$9 billion** of available **liquidity**
- **2.7 to 1** adjusted **debt/equity** ratio
- **\$53.06 book value** per share
- **Repurchased 6.5 million shares** in 2Q 2017 for \$293 million and 14.2 million shares year to date through July 28, 2017 for \$639 million
- **Signed** an agreement with Boeing for **an order of 30 Boeing 787-9** aircraft
- In July 2017, **completed** the offering of **\$1.0 billion** of **10-year** senior unsecured notes with a 3.65% coupon
- New **\$250 million** share repurchase program authorized, which will run through December 31, 2017

(\$ million)	2Q 2017	2Q 2016	1H 2017	1H 2016
<b>Net Income</b>	<b>282.9</b>	<b>233.3</b>	<b>544.1</b>	<b>456.4</b>

## Key Highlights

- For 2Q 2017, net income increased 21% year over year, primarily driven by higher net gain on sale of assets, higher maintenance rents and lower maintenance rights expense

## Components of Net Income

(After tax, in \$ million)	2Q 2017	2Q 2016	1H 2017	1H 2016
<b>Net Gain on Sale of Assets</b>	<b>60.8</b>	<b>33.6</b>	<b>102.2</b>	<b>50.3</b>
<b>AeroTurbine Results</b> (incl. Restructuring Related Expenses)	<b>(12.5)</b>	<b>(11.3)</b>	<b>(26.1)</b>	<b>(36.7)</b>
<b>Maintenance Rights Expense<sup>1</sup></b>	<b>(78.8)</b>	<b>(93.2)</b>	<b>(142.7)</b>	<b>(188.4)</b>
<b>All Other Earnings</b>	<b>313.4</b>	<b>304.2</b>	<b>610.7</b>	<b>631.2</b>
<b>Net Income</b>	<b>282.9</b>	<b>233.3</b>	<b>544.1</b>	<b>456.4</b>

(1) Represents amortization of maintenance rights intangible asset on a reported basis.



(\$)	2Q 2017	2Q 2016	1H 2017	1H 2016
<b>Diluted Earnings Per Share</b>	<b>1.67</b>	<b>1.22</b>	<b>3.15</b>	<b>2.35</b>

## Key Highlights

- For 2Q 2017, diluted earnings per share increased 37% year over year, impacted by the same factors as net income as well as the repurchase of 32.7 million shares for \$1.4 billion from April 2016 through June 2017

## Components of Earnings Per Share

(After tax, in \$ million)	2Q 2017	2Q 2016	1H 2017	1H 2016
<b>Net Gain on Sale of Assets</b>	<b>0.36</b>	<b>0.18</b>	<b>0.59</b>	<b>0.26</b>
<b>AeroTurbine Results</b> (incl. Restructuring Related Expenses)	<b>(0.07)</b>	<b>(0.06)</b>	<b>(0.15)</b>	<b>(0.19)</b>
<b>Maintenance Rights Expense<sup>1</sup></b>	<b>(0.47)</b>	<b>(0.49)</b>	<b>(0.83)</b>	<b>(0.97)</b>
<b>All Other Earnings</b>	<b>1.85</b>	<b>1.59</b>	<b>3.54</b>	<b>3.25</b>
<b>Diluted Earnings Per Share</b>	<b>1.67</b>	<b>1.22</b>	<b>3.15</b>	<b>2.35</b>

(1) Represents amortization of maintenance rights intangible asset on a reported basis.

(\$ million except share data)	Jun. 30, 2017	Dec. 31, 2016	Jun. 30, 2016
<b>Total Shareholders' Equity</b>	<b>\$8,521</b>	<b>\$8,524</b>	<b>\$8,352</b>
Ordinary Shares Outstanding	163.4	176.2	187.8
Unvested Restricted Stock	(2.8)	(3.4)	(3.3)
<b>Ordinary Shares Outstanding (excl. Unvested Restricted Stock)</b>	<b>160.6</b>	<b>172.8</b>	<b>184.5</b>
<b>Book Value Per Share<sup>1</sup></b>	<b>\$53.06</b>	<b>\$49.33</b>	<b>\$45.26</b>

- Book value per share has increased 8% since December 31, 2016 and 17% since June 30, 2016
- Since June 2015, we have repurchased over 25% of the outstanding shares

(1) Based on ordinary shares outstanding excluding unvested restricted stock. Unvested restricted stock represents ordinary share units issued under our share incentive schemes that vest only upon the satisfaction of certain conditions.

(\$ million)	2Q 2017	2Q 2016
<b>Basic Lease Rents</b>	<b>1,053.5</b>	<b>1,106.3</b>
<b>Maintenance Rents and Other Receipts</b>	<b>104.1</b>	<b>70.9</b>
<b>Net Gain on Sale of Assets</b>	<b>69.5</b>	<b>38.4</b>
<b>Other Income</b>	<b>36.7</b>	<b>23.9</b>
<b>Total Revenues and Other Income</b>	<b>1,263.8</b>	<b>1,239.5</b>

- Basic lease rents decreased primarily due to the sale of mid-life and older aircraft during 2016 and 2017, which reduced average lease assets by ~\$1.1 billion
- In 2Q 2017, the higher maintenance rents and other receipts were primarily driven by higher end of lease compensation received during the quarter
- 2Q 2017 other income consisted primarily of non-recurring income from lease terminations



## Net Interest Margin (\$ million)

2Q 2017	2Q 2016
<b>787.5</b>	<b>833.2</b>

Net Interest Margin is calculated as basic lease rents less interest expense, excluding the non-cash charges related to the mark-to-market of interest rate caps and swaps

## Average Lease Assets (\$ million)

2Q 2017	2Q 2016
<b>34,047</b>	<b>35,140</b>

Includes flight equipment held for operating leases, flight equipment held for sale, net investment in finance and sales-type leases and maintenance rights intangible asset

	2Q 2017	2Q 2016
<b>Annualized Net Spread</b>	<b>9.3%</b>	<b>9.5%</b>
<b>Average Cost of Debt<sup>1</sup></b> <i>Including all fees</i>	<b>3.9%</b>	<b>3.7%</b>
<b>Average Age of Owned Fleet (years)</b> <i>As of June 30, 2017 and 2016</i>	<b>7.3</b>	<b>7.7</b>
<b>Average Remaining Lease Term (years)</b> <i>As of June 30, 2017 and 2016</i>	<b>6.4</b>	<b>6.0</b>

- Net spread reduction was primarily a result of the lower age of our owned fleet and the higher average cost of debt
- Average cost of debt increased primarily due to the issuance of new longer-term bonds to replace shorter-term ILFC notes, which had lower reported interest expense as a result of ILFC acquisition purchase accounting

(1) Interest expense, excluding mark-to-market on interest rate caps and swaps, divided by average debt balance.

(\$ million)	2Q 2017	2Q 2016
<b>Net Gain on Sale of Assets</b>	<b>69.5</b>	<b>38.4</b>

## 2Q 2017 Disposal Activity:

- 24 aircraft, with an average age of 16 years, were sold from our owned portfolio:
  - 2 Airbus A319-100s, 6 Airbus A320-200s, 1 Airbus A321-100, 3 Airbus A321-200s, 2 Airbus A330-200s and 1 Airbus A330-300
  - 1 Boeing 737 Classic, 3 Boeing 737NGs, 3 Boeing 757-200s and 2 Boeing 767-300ERs
- 5 Boeing 737NGs and 1 Airbus A320-200 were placed on long-term leases and reclassified from flight equipment held for operating leases to net investment in finance and sales-type leases

## 2Q 2017 Purchase Activity:

- 11 aircraft were purchased:
  - 8 Airbus A320neos and 1 Airbus A321neo
  - 2 Boeing 787-9s

(\$ million)	2Q 2017	2Q 2016
<b>Maintenance Rights Expense</b>	<b>90.1</b>	<b>106.6</b>
<b>Other Leasing Costs</b>	<b>46.2</b>	<b>36.5</b>
<b>Selling, General &amp; Administrative Expenses</b>	<b>84.6</b>	<b>86.5</b>
<b>Asset Impairment</b>	<b>5.3</b>	<b>10.5</b>
<b>Restructuring Related Expenses</b>	<b>4.7</b>	<b>3.5</b>

- Maintenance rights expense in 2Q 2017 decreased as a result of the amount of maintenance activity during the period
- Asset impairment in 2Q 2017 related to 2 aircraft that are being sold at a loss but were treated as held for sale because the sale of those aircraft had not been completed as of June 30, 2017. The aircraft were part of an 18-aircraft portfolio that is being sold at an overall profit
- Restructuring related expenses in 2Q 2017 represented non-recurring charges resulting from our decision to downsize AeroTurbine

## Sources vs. Uses (Next 12 Months)

(\$ billion as of June 30, 2017)

### Sources (for 12 months to June 30, 2018)

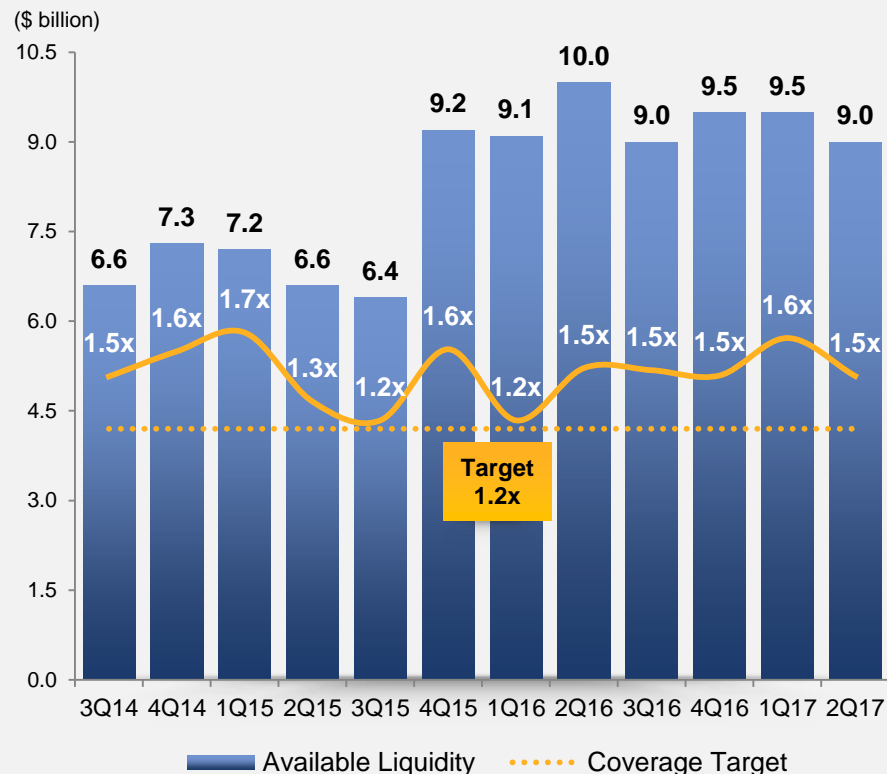
Unsecured Revolver	3.7
Other Facilities and Contracted Sales	3.7
Unrestricted Cash	1.6
<b>Total Available Liquidity</b>	<b>9.0</b>
Estimated Operating Cash Flow	3.2
<b>Total Sources<sup>1</sup></b>	<b>12.2</b>

### Uses (for 12 months to June 30, 2018)

Debt Maturities	(2.5)
Capex (Cash payments for purchases) <sup>2</sup>	(5.9)
<b>Total Uses</b>	<b>(8.4)</b>

<b>Excess Coverage (Sources less Uses)</b>	<b>3.8</b>
<b>Ratio of Sources to Uses</b>	<b>1.5x</b>

## Liquidity Levels Since July 2014



**We continue to maintain strong liquidity with ~\$9 billion as of June 30, 2017**

- (1) Sources assume no additional financing for deliveries of new aircraft purchases.
- (2) Includes cash payments for next 12 months' aircraft deliveries and pre-delivery payments.



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**Q&A**





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# *Supplemental Information*



Summary	Jun. 30, 2017	Dec. 31, 2016
<b>Adjusted Debt / Equity Ratio</b>	<b>2.7 to 1</b>	<b>2.7 to 1</b>
<hr/>		
Adjusted Debt/Equity Calculation (\$ million)	Jun. 30, 2017	Dec. 31, 2016
<b>Debt</b> (including fair value adjustments)	<b>27,181</b>	<b>27,717</b>
<b>Adjusted for:</b>		
• Unrestricted cash & cash equivalents	<b>(1,601)</b>	<b>(2,035)</b>
• 50% equity credit for long-term subordinated debt	<b>(750)</b>	<b>(750)</b>
<b>Adjusted Debt</b>	<b>24,830</b>	<b>24,932</b>
<b>Equity</b>	<b>8,577</b>	<b>8,582</b>
<b>Adjusted for:</b>		
• 50% equity credit for long-term subordinated debt	<b>750</b>	<b>750</b>
<b>Adjusted Equity</b>	<b>9,327</b>	<b>9,332</b>

Aircraft Type	Number of Owned Aircraft	% Net Book Value	Number of Managed & AerDragon Aircraft	Number of on Order Aircraft	Total Aircraft
Airbus A320 Family	390	24	50	–	440
Airbus A320neo Family	31	5	–	189	220
Airbus A330	90	12	10	–	100
Airbus A350	12	5	–	14	26
Boeing 737NG	290	24	42	–	332
Boeing 737MAX	–	–	–	109	109
Boeing 767	35	1	–	–	35
Boeing 777-200ER	25	3	3	–	28
Boeing 777-300 / 300ER	31	7	2	–	33
Boeing 787	49	18	–	67	116
Embraer E190 / 195-E2	–	–	–	50	50
Other	45	1	5	–	50
<b>Total</b>	<b>998</b>	<b>100</b>	<b>112</b>	<b>429</b>	<b>1,539</b>

- Average age of owned aircraft fleet is **7.3 years**
- Average remaining lease term is **6.4 years**

# Forward Order and Purchase/Leasebacks *as of June 30, 2017*



Aircraft Type	Remaining 2017	2018	2019	2020	2021	Thereafter	Total
Airbus A320neo Family	32	39	48	40	30	–	189
Airbus A350	8	4	2	–	–	–	14
Boeing 737MAX	–	3	24	27	28	27	109
Boeing 787	14	13	6	2	2	–	37
Embraer E190 / 195-E2	–	5	14	14	14	3	50
<b>Total Aircraft</b>	<b>54</b>	<b>64</b>	<b>94</b>	<b>83</b>	<b>74</b>	<b>30</b>	<b>399</b>

- In addition, AerCap signed an agreement with Boeing for an order of 30 Boeing 787-9 aircraft, which are not included in the table. This order increases the AerCap forward order book to 429 aircraft



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